



Finance Department

FY2021 Zero Based Budget – General Fund Workshop Presentation

April 9, 2020

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Program Organizational Chart

(\$ in thousands)



General Fund
Finance Department
FY2021 Projected Budget: \$18,955
FTEs: 108.8

City Council Administrative Support	Debt & Capital Management Post-Employment Benefit Analysis	Financial Planning & Analysis	Accounting & Financial Reporting	Disaster Cost Recovery
\$671 FTEs: 5.1	\$1,177 FTEs: 8.5	\$2,828 FTEs: 17.6	\$4,771 FTEs: 18.7	\$351 FTEs: 2.1
<ul style="list-style-type: none"> • Human Resources & Administrative Support to all City Council employees • MoFR Preparation for City Council Office • Managing the Council District Service Fund 	<ul style="list-style-type: none"> • Capital Budget Planning, Management, Reporting, and Analysis • Debt Issuance & Derivative Monitoring • Manage City's Liquidity Alternatives • Manage pension and OPEB calculations 	<ul style="list-style-type: none"> • Developing Citywide Annual Operating Budget • Five-Year Forecast • General-Continuing Appropriations • Revenue & Expenditure Projection for MoFR / Budget Management • Ad Hoc Financial Reporting 	<ul style="list-style-type: none"> • Accounting and Reporting • Annual Audit (CAFR) • Fixed Assets • Cost Accounting • Internal Controls / Audit • Trust Funds Management • Deferred Compensation 	<ul style="list-style-type: none"> • Financial and Program Reporting of Disaster Grants • Grant Reimbursements

* Note: This organizational chart does not include other programs such as Energy Management, EMS Accounts Receivable/Payable, Fiscal Administrator (Budgeting, Payable, Capital, Procurement) for Fleet, HITS and HFD, Grants Management for Housing that are in the Central Service Revolving Fund.



Program Organizational Chart

(\$ in thousands)

General Fund
Finance Department
 FY2021 Projected Budget: \$18,955
 FTEs: 108.8

Grants Management	Strategic Procurement	Office of Innovation	Accounts Receivable & Collections	Treasury
\$521 FTEs: 3.6	\$6,111 FTEs: 43.8	\$481 FTEs: 3.2	\$384 FTEs: 2.9	\$1,660 FTEs: 3.3
<ul style="list-style-type: none"> • Compliance Monitoring and Reporting • Single Audit Report 	<ul style="list-style-type: none"> • Procurement Administration • Material & Vendor Management • Contracts Mgt • Procurement Planning • PCard Administration • Training & Development of Procurement Processes 	<ul style="list-style-type: none"> • Develop data-driven solutions to the City's most complex challenges • Serve as the City's internal consulting group for strategy and operations • Lead the City's programming for process improvement, data analytics and reporting 	<ul style="list-style-type: none"> • Accounts Receivable & Collections • Liens Management • Cash Handling/Deposit • Vendor Management 	<ul style="list-style-type: none"> • Economic Modeling and Projections • Tax & Revenue Management • Setting of the Property Tax Rate • Cash Management • Banking Services

* Note: This organizational chart does not include other programs such as Energy Management, EMS Accounts Receivable/Payable, Fiscal Administrator (Budgeting, Payable, Capital, Procurement) for Fleet, HITS and HFD, Grants Management for Housing that are in the Central Service Revolving Fund.

General Fund Revenues Overview

(\$ in thousands)



Category	FY19 Actual	FY20 Projected Budget	FY20 Estimates	FY21 Projected Budget	Variance FY21 Proj./FY20 Budget	% Change
Property Taxes ¹	1,190,243	1,215,687	1,215,687	1,244,606	28,919	2.38%
Sales Taxes	692,271	\$694,567	\$702,567	\$664,470	(\$38,097)	(5.42%)
Other Tax	18,248	19,024	18,792	19,528	736	3.92%
Interest	11,802	9,011	9,011	9,011	0	0.00%
Others ²	1,746	1,630	1,625	1,625	0	0.00%
Total General Fund	\$1,914,310	\$1,939,919	\$1,947,682	\$1,939,240	(\$8,442)	-0.43%

Note:

- FY2021 Projected Budget is based on Planning Department's population estimates as of July 1, 2019. This data will be adjusted once population data from US Census Bureau becomes available in May 2020 .*
- Others Category includes Miscellaneous, Other Fines & Forfeits, and Direct Interfund Services.*

General Fund Expenditures Summary

(\$ in thousands)



Category	FY19 Actual	FY20 Projected Budget	FY20 Estimates	FY21 Projected Budget	Variance FY21 Proj./FY20 Budget	% Change
Personnel	\$12,845	\$13,962	\$12,530	\$13,982	\$20	0.1%
Supplies	52	116	116	115	(1)	(0.8%)
Restricted Accounts*	905	867	867	838	(29)	(3.3%)
Services (contracts)	2,713	3,943	3,669	4,020	77	1.9%
Equipment	9	0	0	0	0	0
Total	\$16,524	\$18,888	\$17,182	\$18,955	\$67	0.4%

*Restricted Accounts -Budget includes service chargeback accounts for items such fuel, electricity, IT accounts, etc. See appendix for more details

FY2021 Budget Expenditures Net Change (\$ in thousands)

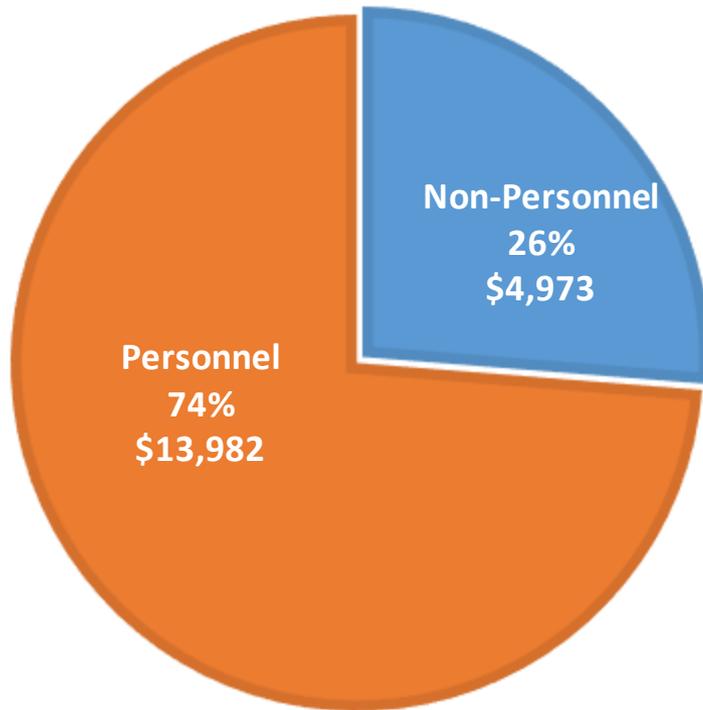


FY2021 Projected General Fund Budget Expenditures Net Change to FY2020 Projected Current Budget		
FY2020 Current Budget		Notes
Operating Budget	\$ 18,014	
City Council Surplus	7	
Restricted Budget	867	1
FY2020 Projected Current Budget	\$ 18,888	
FY2021 Net Changes - Increase/ (Decrease)		
Operating Budget Adjustments		
ZBB Utilization Savings	(75)	
Subtotal Operating Budget Adjustments	\$ (75)	
% Change from FY20 Operating Budget	(0.4%)	
Contractual or Mandated Adjustments:		
HOPE Pay Increase	\$ 111	
Contract Escalation	103	
Municipal Pension	24	
City Council Surplus	(7)	
Restricted Accounts	(29)	
Health Benefits Active Civilian	(60)	
Subtotal Contractual/Mandated Increases	\$ 142	
FY2021 Projected Budget		
Total Operating and Contractual Adjustments	\$ 67	
FY2021 Projected Budget	\$ 18,955	
% Change from FY20 Projected Current Budget	0.4%	
Notes:		
1. Restricted Budget includes service chargeback accounts for items such fuel, electricity, IT accounts, etc		

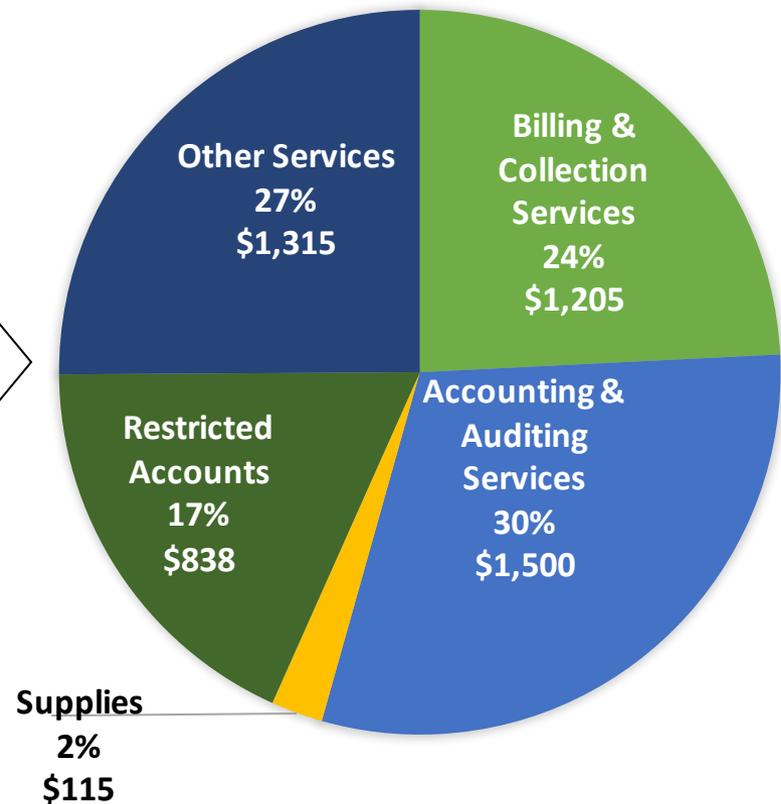
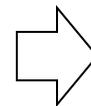
FY2021 Personnel vs Non Personnel General Fund (\$ in thousands)



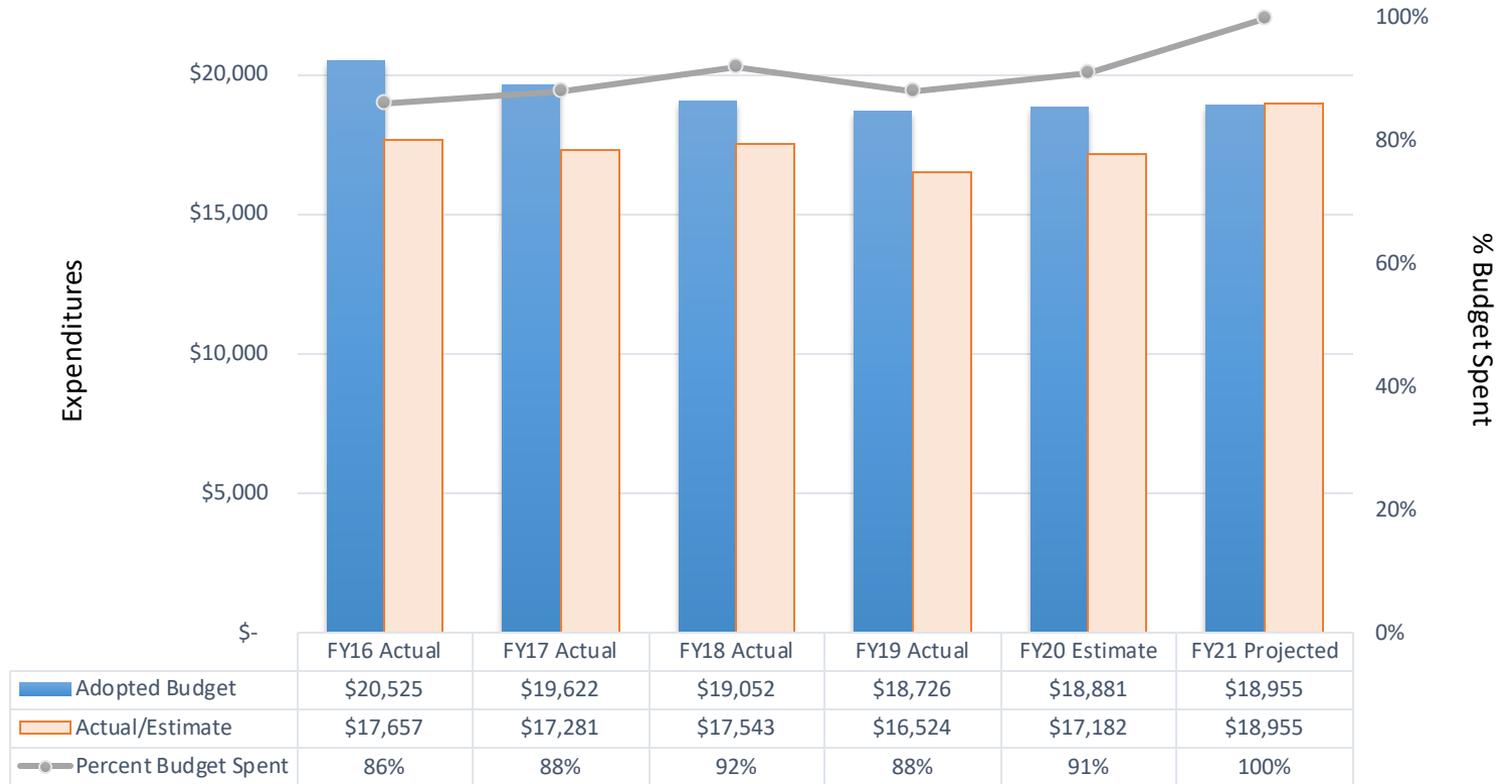
FY2021 Projected Budget
\$18,955



Non Personnel
\$4,973



General Fund Expenditures FY2016 – FY2021 (\$ in thousands)





Program Details

Program 1: Administrative Office of City Council (\$ in thousands)



Program Name:	City Council Administration Support
Program Description:	The Administration Office of City Council’s mission is to efficiently manage all administrative functions of City Council including payroll, accounts payable and human resources. Its goal is to utilize the most efficient office procedures in the efforts to strive continuous support to City council Members and their staff.
Program Deliverables:	<ol style="list-style-type: none"> 1. Provide council with analysis on payroll projections, monthly financial operations report, annual budget and Council District Service spending. Handle procurement, hiring & GSD requests for each of the 16 Council offices. 2. Assisted with the Farewell Luncheon and Inauguration for the Council Members 3. Successfully transitioned the seven former Council Members and their staff out of office and we brought on ~28 new employees
Plan Houston:	Spend money wisely.
Staffing / FTE Count:	5.1 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes 4% reduction from FY2020 Current Budget from supplies and services.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 661	\$ 697	\$ 692	\$ 671

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 2: Treasury

(\$ in thousands)



Program Name:	Treasury
Program Description:	To manage the collection of all City taxes including but not limited to : Property tax, sales tax, and ,mixed beverage tax. Performs the Truth in Taxation process which begins the setting of the property tax rate. Performs cash flow forecast for the general fund in order to determine the borrowing needs of the City. Ensures the City’s merchant service contract follows Payment Card Industry standards.
Program Deliverables:	1. Account for all property and sales tax revenue set property tax rate in accordance with State Statute
Plan Houston:	Sound Financial Management
Staffing / FTE Count:	3.3 FTEs
Significant Changes:	No significant changes from FY2020 Current Budget (-0.66%). FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 1,690	\$ 1,671	\$ 1,741	\$ 1,660

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 3: Debt and Capital Management

(\$ in thousands)



Program Name:	Debt and Capital Management
Program Description:	To manage the development of the City’s Capital Improvement Plan (CIP). Provides management reports and facilitates the execution of projects according to plan. Identify and provide the lowest cost financing options, while staying within legal and financial guidelines, to efficiently utilize the City’s and City’s Enterprise Fund’s financial resources. Review existing debt for cost effective opportunities to re-structure or re-finance.
Program Deliverables:	1. Produce the 5 year Capital Improvement Plan 2. Effectively execute bond and liquidity debt transactions
Plan Houston:	Sound Financial Management
Staffing / FTE Count:	7.5 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes 12% reduction from FY2020 Current Budget to reflect movement of Post Employment analyst FTE to its own Program/ Cost Center.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 918	\$ 1,154	\$ 1,029	\$ 1,014

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 4: Post-Employment Benefit Analysis (\$ in thousands)



Program Name:	Post – Employment Benefit Analysis
Program Description:	To manage pension and OPEB calculations and analysis, including exploring and implementing opportunities for savings. Supports debt disclosures, budgeting, and CAFR review as they relate to post – employment benefits.
Program Deliverables:	Assist in producing RSVS (Risk Sharing Valuation Studies) reports for each of the City’s pension Funds
Plan Houston:	Sound Financial Management
Staffing / FTE Count:	1.0 FTE
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Increase in this program is primarily due to the creation of a new program which was previously budgeted in the Debt and Capital Management cost center.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$0	\$ 0	\$ 0	\$ 163

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 5: Financial Planning & Analysis

(\$ in thousands)



Program Name:	Financial Planning & Analysis
Program Description:	To improve the City's financial position by providing recommendations based on comprehensive financial planning and analysis.
Program Deliverables:	<ol style="list-style-type: none"> 1. Development and management of the City's Operating Budget 2. Long range financial planning 3. Monthly financial reporting 4. Ad-hoc financial analysis
Plan Houston:	Spend money wisely
Staffing / FTE Count:	17.6 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. No significant changes from FY2020 Current Budget (-0.04%).

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 2,369	\$2,829	\$2,459	\$2,828

FY2021 Enhancement**	Comment
\$660	This enhancement is for the creation of the Business Analytics Division which includes six (6) additional FTES. This division will be responsible for Citywide performance management which includes: tracking, monitoring, and coordinating performance measures and KPIs for all departments. This is essential to linking budget to performance. This enhancement is essential to transitioning to a performance based budget.

* FY2021 projected budget represents funding to continue the level of services currently provided

** Items that are not included in the FY2021 Projected Budget may include initiatives enhancements to expand program or/and reduction initiatives as part of efficiencies.

Program 6: Accounts Receivable & Collections

(\$ in thousands)



Program Name:	Accounts Receivable & Collections
Program Description:	This program is responsible for oversight, management, and reporting of city-wide accounts receivable and related activities including liens management.
Program Deliverables:	<ol style="list-style-type: none"> 1. Release of Liens 2. Accounting & Financial Reporting of all revenue streams managed finance 3. Vendor Scored and Reports for city-wide secondary collections
Plan Houston:	Spend Money Wisely
Staffing/ FTE Count:	2.9 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes reduction of 30.94% from FY2020 Current Budget primarily due to restructuring and realignment of the functions within the FRO Division to other programs.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 645	\$ 556	\$ 464	\$ 384

FY2021 Enhancement**	Comment
\$150	This enhancement is for AR Data Mart to work in collaboration with HITS to track and report Citywide Accounts Receivable and includes 1.0 additional FTE. This enhancement is essential to improving secondary vendor collections.

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Program 7: Accounting & Financial Reporting

(\$ in thousands)



Program Name:	Accounting & Financial Reporting
Program Description:	This program is responsible to direct general accounting, cost accounting, fixed assets, and internal controls to ensure compliance with standards, laws, and regulations. Additionally, it coordinates the Comprehensive Annual Financial Report (CAFR) for the administration.
Program Deliverables:	<ol style="list-style-type: none"> 1. Audited Comprehensive Annual Financial Report (CAFR) 2. Citywide Cost Allocation plans (6 plans) and Indirect Cost Rates 3. Accounting and Reporting of City Fixed Assets 4. Accounting and Reporting of Trust Funds
Plan Houston:	Spend Money Wisely
Staffing/ FTE Count:	18.7 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes increase of 38.4% from FY2020 Current Budget primarily due to restructuring and realignment of the functions within the FRO Division to other programs.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$2,948	\$3,447	\$3,076	\$4,771

FY2021 Enhancement**	Comment
\$500	This enhancement is for tracking, reconciling and reporting of accounting and financial data in the SAP, the City's general ledger system, for multiple disasters and includes 1 FTE and costs for upgrade to SAP. This enhancement will improve the real time reporting of financial data for all disasters.

* FY2021 projected budget represents funding to continue the level of services currently provided

** Items that are not included in the FY2021 Projected Budget may include initiatives enhancements to expand program or/and reduction initiatives as part of efficiencies.

Program 8: Disaster Recovery

(\$ in thousands)



Program Name:	Disaster Cost Recovery
Program Description:	This program is to oversee disaster cost recovery for city owned assets. This includes managing and reporting of the federal and state grants related to declared disasters.
Program Deliverables:	<ol style="list-style-type: none"> 1. Federal Emergency Management Agency (FEMA) and other Grant Reimbursements 2. Periodic Financial and Program Reporting of Grants 3. Remediation of City Assets
Plan Houston:	Sustain Quality Infrastructure
Staffing / FTE Count:	2.1 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes reduction of 61.51% from FY2020 Current Budget primarily due to restructuring and realignment of the functions within the FRO Division to other programs.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 334	\$ 912	\$ 585	\$ 351

FY2021 Enhancement**	Comment
\$300	This enhancement is needed to augment resources for managing multiple disasters and to meet the rapidly changing FEMA guidelines and processes for claims, audits and federal reimbursements. This includes 2 FTEs and other consulting resources to improve processing time for audit responses, Request for Information (RFI) from FEMA/TDEM, reduction of reimbursement time and de-obligations.

* FY2021 projected budget represents funding to continue the level of services currently provided

** Items that are not included in the FY2021 Projected Budget may include initiatives enhancements to expand program or/and reduction initiatives as part of efficiencies.

Program 9: Grants Management

(\$ in thousands)



Program Name:	Grants Management
Program Description:	This program is responsible to oversee and provide a city-wide policy governing grant acquisition, management, compliance procedures and reporting. Additionally, it coordinates the annual Single Audit Report (SAR) for the City.
Program Deliverables:	1. Single Audit Report 2. Managing and Reporting of Citywide Grants – Federal, State and Local
Plan Houston:	Spend Money Wisely
Staffing / FTE Count:	3.6 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes reduction of 48.77% from FY2020 Current Budget primarily due to restructuring and realignment of the functions within the FRO Division to other programs.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 981	\$1, 017	\$ 977	\$ 521

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 10: Innovation

(\$ in thousands)



Program Name:	Innovation
Program Description:	This program is charged with enhancing the citizen experience and improving government operations: enabling the city to do things better, faster and cheaper
Program Deliverables:	<ol style="list-style-type: none"> 1. Increase revenues 2. Reduce costs 3. Improve operational effectiveness 4. Customer satisfaction
Plan Houston:	Sound Financial Management
Staffing / FTE Count:	3.2 FTEs
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. Includes 3.8% reduction from FY2020 Current Budget from supplies and services.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 420	\$ 500	\$ 343	\$ 481

* FY2021 projected budget represents funding to continue the level of services currently provided.

Program 11: Strategic Procurement

(\$ in thousands)



Program Name:	Strategic Procurement
Program Description:	This program is the central procurement function of the City of Houston. With the exception of construction projects, this program’s goal is to manage the City’s formal procurements for all City departments, and informal procurements for all but the 14 DPUs (Department Purchasing Units) who work under the delegated authority of the Chief Procurement Officer. It also maintains the vendor management system, SAP part numbering system, City wide contract management and PCard Program. Additionally, it is responsible for all City wide procurement programs, policies and procedures.
Program Deliverables:	<ol style="list-style-type: none"> 1. Manage approximately 250 new formal procurement projects at any given time 2. Manage 292 contract renewals annually 3. Manage 4,554 small procurements (under \$50,000) annually
Plan Houston:	Spend money wisely
Staffing / FTE Count:	43.8 FTE
Significant Changes:	FY2021 Projected Budget provides funding for health benefits, pension contribution and municipal employees contractual pay increases. No significant changes from FY2020 Current Budget (0.1%). In spite of approx. 40% increase in formal procurements in FY20 over FY19 numbers, this program is projecting to sustain the current service level within budget in the next 12 months.

FY2019 Actual	FY2020 Current Budget	FY2020 Estimate	FY2021 Projected Budget*
\$ 5,558	\$ 6, 105	\$ 5, 816	\$ 6,111

* FY2021 projected budget represents funding to continue the level of services currently provided.



Appendix



Restricted Account Details

GL Description	Justification & Cost Drivers
Fuel	Fuel Program operates and manages all City owned fuel sites. Expense explanation - Fuel services are driven primarily by market pricing
Application Services	Costs include Microsoft Enterprise licenses, 3-1-1 maintenance support and applications, SAP licenses maintenance and support, various Enterprise Application and Server support personnel, CSMART (MCD Only), eSignature, Project Management, Infor, eDiscovery, Cyber Security Office software and support, HITS Budget support via the Finance Department, eSignature
Insurance Fees	Cost increase for property insurance premium.
Electricity	Responsible for administering the electricity accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Electricity expenses are projected to be lower than the previous year as a function of the competitive bidding process.
Natural Gas	Responsible for administering the natural gas accounts for the City. Program is responsible for overseeing procurement contracts, forecasting, providing price certainty, and financial reporting. Natural gas expenses are projected to be lower than the previous year due to current market conditions and locking in a rate favorable to the City.
Data Services	Costs associated with software and maintenance support contracts required to maintain city networks, applications, desktop devices, servers, payment card industry security, storage devices, cloud services, telephone systems and network equipment including Phonoscope circuits. Contracts cover Antivirus, Firewall and Network backup systems. Also, the Data Center costs are included in the Data Services restricted account.
Voice Services	Monthly costs for Voice/Communication Services. The services include: Local landlines, voice/data circuits, long distance, 1-800 numbers, calling cards, language lines, Citywide ISP/Internet Access. The major vendors are ATT, Department of Information Resources (DIR), Verizon and Century Link.
Voice Labor	Labor costs and parts needed to perform work associated with installation and/or upgrades of telephone systems and cabling. The sole vendor is Selrico.
GIS Revolving Fund Services	Personnel, software licenses and maintenance costs associated with the city of Houston's Enterprise Geographic Information System (EGIS)
Voice Services - Wireless	Monthly charges for Verizon Business services and mobile devices including cell phones, air cards and tablets.
Interfund HR Client Services	Include HR operation cost reflecting health benefits and restricted accounts increase.
KRONOS Service Chargeback	Software license and maintenance costs associated with the city of Houston's Time and Attendance System (KRONOS)
Drainage Fee Service Chargeback	Fee is based on impervious service.
Interfund Permit Center Rent Chargeback	The cost include the HPC Point of Sale cost increase for credit card merchant fee, and lease cost increase.
Interfund Vehicle Services	Provides repair, maintenance, and administrative support for all city departments' rolling stock equipment. Expense explanation - Vehicle Services are projected to increase driven by part cost, contractual increases, and an aging vehicle population.
Interfund Radio System Access	Due to the consolidation of the radio group in General Fund to revolving fund for HITS. This group is responsible for the operation and maintenance of the City's public safety radio system.



Demographics

FINANCE DEPARTMENT WORKFORCE ANALYSIS

	Males					Females					Total				
	Asian/P.I.	Black	Hispanic	White	Total	Asian/P.I.	Black	Hispanic	White	Total	Asian/P.I.	Black	Hispanic	White	Total
Executives	1	1	0	2	4	2	2	2	2	8	3	3	2	4	12
	25%	25%	0%	50%	100%	25%	25%	25%	25%	100%	25%	25%	17%	33%	100%
Professionals	7	17	7	6	37	19	36	15	2	72	26	53	22	8	109
	19%	46%	19%	16%	100%	26%	50%	21%	4%	100%	24%	49%	20%	7%	100%
Administrative Support	2	4	0	0	6	4	5	4	0	13	6	9	4	0	19
	33%	67%	0%	0%	100%	31%	38%	31%	0%	100%	32%	47%	21%	0%	100%
Total	10	22	7	8	47	25	43	21	4	93	35	65	28	12	140

Finance Department FY2020 Accomplishments



- Zero Audit (Financial and Grant) Findings
- Successfully Completed Phase 1 of GASB 87 Implementation
- Successfully Claimed and Received Funds Over \$10M for Legacy Disaster
- Obtained Approval of Indirect Cost Rate from City's Cognizant Agency (Housing and Urban Development)
- Successfully Claimed and Received Funds Over \$109M for Hurricane Harvey
- Placed over 60 Grants in Closing Status in SAP
- Approved Changes to City Code of Ordinances for Charity Care Policy
- Successfully Increased 20 percent in EMS Revenues Compared to Budgeted Amount
- Launched an Online Lean Six Sigma Green Belt Course to provide process improvement training to departmental change agents
- Launched the Ion Smart City Accelerator bringing start-up innovation to city challenges
- Entered into new research partnerships with UH, UST and Rice
- Facilitated process improvement projects across a variety of City departments
- Launched a Smart City website to showcase new programs and initiatives